

CHAPTER NO. 399

SENATE BILL NO. 633

By Ketron

Substituted for: House Bill No. 502

By McDaniel, Sargent, Hood, Coleman

AN ACT to amend Tennessee Code Annotated, Title 56, relative to insurance laws of the state of Tennessee.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-7-909(c), is amended by deleting such section in its entirety and replacing it with the following:

(c) An insurer shall promptly refund to an individual policyholder and refund or credit to a group policyholder any refund of premium due on termination of insurance prior to the scheduled maturity date of the indebtedness, and a group policyholder or creditor shall promptly refund or credit to the debtor any refund due. If an amount at least equal to the amount of any premium refund is still owed to the creditor on the indebtedness as covered, then the creditor may elect to apply the amount of such refund to the indebtedness. It shall be the obligation of the insured to notify the insurer of any early payoff of the indebtedness which is covered by insurance. Insurers shall establish procedures by which such refunds or credits are made. Each individual policy or group certificate of credit life insurance issued after January 1, 2006, shall provide a notice in such policy or certificate that it is the obligation of the insured to notify the insurer of any early payoff of the indebtedness that is covered by the insurance and that the insured may be entitled to a refund.


SECTION 2. This act is declaratory of existing law and is only intended to clarify such law. The passage of this act shall not create any implication that any change in existing law is effected.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: May 19, 2005



JOHN S. WILDER
SPEAKER OF THE SENATE



JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this day of 2005

PHIL BREDESEN, GOVERNOR

Pursuant to Article III, Section 18, of the Constitution of the State of Tennessee, the Governor had Senate Bill No. 633 in his possession longer than ten (10) days; therefore, the bill becomes law without the Governor's signature.